



SYSMA HOLDINGS LIMITED

Company Registration No: 201207614H
(Incorporated in the Republic of Singapore on 28 March 2012)
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UNAUDITED HALF-YEAR FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 31 JANUARY 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65)6229-8088.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	Six months ended		
	31/01/2017 Unaudited S\$'000	31/01/2016 Unaudited S\$'000	Increase/ (Decrease) %
Revenue	40,522	68,005	(40.4)
Cost of sales	(32,499)	(63,998)	(49.2)
Gross profit	8,023	4,007	100.2
Other gain/(losses)- net			
- Other income	644	631	2.1
Expenses			
- Other operating expenses	(1,752)	(1,735)	1.0
- Administrative expenses	(1,357)	(1,382)	(1.8)
- Finance costs	(530)	(32)	1,556.2
Profit before tax	5,028	1,489	237.7
Income tax expense	(512)	(330)	55.2
Profit for the period	4,516	1,159	289.6
Total comprehensive income for the period	4,516	1,159	289.6
Profit attributable to:			
Owners of the company	4,778	499	857.5
Non-controlling interests	(262)	660	n.m.
	4,516	1,159	289.6
Total comprehensive income attributable to:			
Owners of the company	4,778	499	857.5
Non-controlling interests	(262)	660	n.m.
	4,516	1,159	289.6
Basic and diluted earnings per share (cent) [Note 6]	1.83	0.19	863.2

n.m. denotes not meaningful

SYSMA HOLDINGS LIMITED
UNAUDITED RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 JANUARY 2017

	Group		
	Six months ended		
	31/01/2017	31/01/2016	Increase/ (Decrease)
Profit after tax is arrived at:	Unaudited	Unaudited	(Decrease)
	S\$'000	S\$'000	%
After charging:			
Depreciation of property, plant and equipment	469	488	(3.9)
Operating lease expenses	314	276	13.8
Interest expense	530	32	1,556.2
Provision for foreseeable losses	427	2,700	(84.2)
and crediting:			
Gain on disposal of property, plant and equipment	-	35	(100.0)
Interest income from fixed deposits	153	55	178.2
Rental income	360	371	(3.0)
Write-back of provision for foreseeable losses	3,229	1,758	83.7

n.m. denotes not meaningful

SYSMA HOLDINGS LIMITED
UNAUDITED RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 JANUARY 2017

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31/01/2017 Unaudited S\$'000	31/07/2016 Audited S\$'000	31/01/2017 Unaudited S\$'000	31/07/2016 Audited S\$'000
Assets				
Current assets				
Cash and cash equivalents	32,908	34,777	15,598	7,620
Pledged bank deposits	3,025	3,008	-	-
Development properties	-	60,845	-	-
Properties held for sale	76,951	29,803	-	-
Trade and other receivables	16,202	13,827	37,045	39,059
Total current assets	<u>129,086</u>	<u>142,260</u>	<u>52,643</u>	<u>46,679</u>
Non-current assets				
Investment in a subsidiary	-	-	13,398	13,398
Property, plant and equipment	1,525	1,966	-	-
Total non-current assets	<u>1,525</u>	<u>1,966</u>	<u>13,398</u>	<u>13,398</u>
Total assets	<u>130,611</u>	<u>144,226</u>	<u>66,041</u>	<u>60,077</u>
Liabilities and equity				
Current liabilities				
Trade and other payables	41,690	32,655	17,703	12,447
Provisions	599	649	-	-
Bank loans	35,000	61,530	-	-
Current portion of finance leases	496	496	-	-
Income tax payable	933	935	-	7
Total current liabilities	<u>78,718</u>	<u>96,265</u>	<u>17,703</u>	<u>12,454</u>
Non-current liabilities				
Deferred tax liabilities	-	338	-	-
Non-current portion of finance lease	995	1,241	-	-
Total non-current liabilities	<u>995</u>	<u>1,579</u>	<u>-</u>	<u>-</u>
Capital and reserves				
Share capital	45,538	45,538	45,538	45,538
Merger reserve	(3,517)	(3,517)	-	-
Equity reserve	(844)	(844)	-	-
Accumulated profits	6,268	1,490	2,800	2,085
Equity attributable to owners of the Company	47,445	42,667	48,338	47,623
Non-controlling interests	3,453	3,715	-	-
Total equity	<u>50,898</u>	<u>46,382</u>	<u>48,338</u>	<u>47,623</u>
Total liabilities and equity	<u>130,611</u>	<u>144,226</u>	<u>66,041</u>	<u>60,077</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/01/2017 (Unaudited)		As at 31/07/2016 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
35,496	-	62,026	-

Amount repayable after one year

As at 31/01/2017 (Unaudited)		As at 31/07/2016 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
995	-	1,241	-

Details of any collateral

The above bank borrowings are secured by:

- (i) Legal mortgages on development properties and leasehold properties
- (ii) Assignment of rights, titles and interests of all agreements relating to the development properties including sales and purchase agreements
- (iii) Joint and several guarantees from directors and non-controlling shareholders of our subsidiary
- (iv) Corporate guarantee provided by the Company

Finance lease are secured by certain works vehicles and office equipment of the Group with carrying amount of S\$1,264,000 as at 31/01/2017 (31/07/2016: S\$1,663,000)

SYSMA HOLDINGS LIMITED
UNAUDITED RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 JANUARY 2017

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	Six months ended Unaudited 31/01/2017 S\$'000	Unaudited 31/01/2016 S\$'000
Operating activities		
Profit before tax	5,028	1,489
Adjustments for:-		
Depreciation of property, plant, and equipment	469	488
Provision for foreseeable losses	427	2,700
Interest expense	530	32
Write-back of provision for foreseeable losses	(3,229)	(1,758)
Gain on disposal of property, plant and equipment	-	(35)
Interest income	(153)	(55)
Operating cash flows before movements in working capital changes	3,072	2,861
Development properties and properties held for sale	16,689	(33)
Trade and other receivables	(2,340)	1,027
Trade and other payables	8,963	1,858
Cash generated from operations	26,384	5,713
Tax (paid)/refund	(853)	80
Net cash from operating activities	25,531	5,793
Investing activities		
Interest received	120	39
Purchase of property, plant and equipment	(28)	(15)
Proceeds from disposal of property, plant and equipment	-	35
Acquisition of non-controlling interest in a subsidiary	-	(1,320)
Net cash from/ (used in) investing activities	92	(1,261)
Financing activities		
(Repayment)/ Proceeds of bank loans	(26,530)	14,079
Increase in pledged deposits	(18)	(1)
Repayment of finance leases	(246)	(223)
Interest paid	(698)	(1,147)
Dividend paid	-	(300)
Repayment of loan from non-controlling interest	-	(2,700)
Net cash (used in)/ generated from financing activities	(27,492)	9,708
Net (decrease)/ increase in cash and cash equivalents	(1,869)	14,240
Cash and cash equivalents at beginning of financial period	34,777	26,549
Cash and cash equivalents at end of financial period	32,908	40,789

SYSMA HOLDINGS LIMITED
UNAUDITED RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 JANUARY 2017

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group (Unaudited)	Share capital S\$'000	Merger reserve S\$'000	Equity reserve S\$'000	Accumulated profits S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance as at 1 August 2016	45,538	(3,517)	(844)	1,490	42,667	3,715	46,382
Profit for the period, representing total comprehensive income for the financial period	-	-	-	4,778	4,778	(262)	4,516
Balance as at 31 January 2017	45,538	(3,517)	(844)	6,268	47,445	3,453	50,898

The Group (Unaudited)	Share capital S\$'000	Merger reserve S\$'000	Equity reserve S\$'000	Accumulated profits S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance as at 1 August 2015	45,538	(3,517)	-	95	42,116	3,379	45,495
Effects of acquiring non-controlling interest in a subsidiary	-	-	(844)	-	(844)	(476)	(1,320)
Profit for the period, representing total comprehensive income for the financial period	-	-	-	499	499	660	1,159
Dividends paid	-	-	-	(300)	(300)	-	(300)
Balance as at 31 January 2016	45,538	(3,517)	(844)	294	41,471	3,563	45,034

SYSMA HOLDINGS LIMITED
UNAUDITED RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 JANUARY 2017

The Company (Unaudited)	Share capital S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Balance as at 1 August 2016	45,538	2,085	47,623
Profit for the period, representing total comprehensive income for the financial period	-	715	715
Balance as at 31 January 2017	45,538	2,800	48,338

The Company (Unaudited)	Share capital S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Balance as at 1 August 2015	45,538	4,614	50,152
Profit for the period, representing total comprehensive income for the financial period	-	693	693
Dividends paid	-	(300)	(300)
Balance as at 31 January 2016	45,538	5,007	50,545

Save for the foregoing, there are no (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Share Capital (S\$)
Number of ordinary shares as at 31 July 2016 and 31 January 2017	261,000,000	45,538,251

Save for the foregoing, there are no other changes in the Company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 31 July 2016.

As at 31 January 2017 and 31 January 2016, there are no (i) outstanding convertibles; and (ii) treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31/07/2017 No. of shares	31/07/2016 No. of shares
Total number of issued shares of the company (excluding treasury shares)	261,000,000	261,000,000

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period ended 31 January 2017.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those in the Group's audited financial statements for the financial year ended 31 July 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	Unaudited 31/01/2017	Unaudited 31/01/2016
Earnings per ordinary share		
Profit for the financial period attributable to owners of the Company (S\$'000)	4,778	499
Weighted average number of ordinary shares ('000)	261,000	261,000
Basic and diluted earnings per ordinary share (cents)	1.83	0.19

The basic and diluted earnings per share are the same as there were no potential dilutive ordinary shares in issue during the respective financial periods.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	31/01/2017	31/07/2016	31/01/2017	31/07/2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Singapore cents)	(Singapore cents)	(Singapore cents)	(Singapore cents)
Net asset value per ordinary share attributable to owners of the Company based on the total number of issued shares at the end of the financial period	18.18	16.35	18.52	18.25

As at 31 January 2017, the number of ordinary shares issued is 261,000,000 (31 July 2016: 261,000,000).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, asset or liabilities of the group during the current financial period reported on**

Review of Group Performance for six months ended 31 January 2017 ("HY2017") vs six months ended 31 January 2016 ("HY2016")

Revenue

Our revenue in HY2017 of approximately S\$40.5 million was approximately S\$27.5 million or 40.4% lower than the revenue of approximately S\$68.0 million in HY2016.

The decrease in revenue was mainly due to the following:

- (i) Decrease in revenue contribution from property development projects 28 RC Suites and 8M Residences in aggregated to S\$6.2 million in HY2017 (HY2016: S\$40.2 million) as the properties have been substantially sold;
- (ii) Partially offset by increase in revenue contribution from our construction projects (including Additions and Alterations projects) amounting to S\$34.3 million in HY2017 (HY2016: S\$27.8 million);

Cost of sales, gross profit and gross profit margin

Our cost of sales of approximately S\$32.5 million in HY2017 was approximately S\$31.5 million or 49.2% lower than the cost of sales of approximately S\$64.0 million in HY2016.

The decrease in cost of sales of approximately S\$31.5 million was mainly due to the following:

- (i) Decrease in cost of sales attributable to property development projects of S\$36.6 million (including a write back of provision for foreseeable losses of S\$3.2 million for our Charlton 18 project and a provision for foreseeable losses of S\$0.4 million for our 8M Residences project based on independent valuations conducted by professional valuer) in line with lower property development segment revenue; and
- (ii) Partially offset by higher cost of sales attributable to our construction projects (including Additions and Alterations projects) of S\$5.1 million in line with higher construction segment revenue.

Consequently, we registered a higher gross profit and a gross profit margin of approximately S\$8.0 million and 19.8% respectively in HY2017 compared to a gross profit and a gross profit margin of S\$4.0 million and 5.9% respectively in HY2016.

Other income

Our other income remained unchanged at approximately S\$0.6 million in HY2017 (HY2016: S\$0.6 million). Other income mainly comprise rental income, interest income from fixed deposits and other miscellaneous income.

Other operating expenses

Our other operating expenses remained relatively unchanged at approximately S\$1.8 million in HY2017 (HY2016: S\$1.7 million). Other operating expenses mainly comprise of depreciation of property, plant and equipment, rental expenses, insurance and other operating expenses.

Administrative expenses

Our administrative expenses remained unchanged at approximately S\$1.4 million in HY2017 (HY2016: S\$1.4 million) which mainly comprise of corporate office staff costs.

Finance costs

Increase in finance costs of approximately S\$0.5 million was mainly due to certain finance costs being expensed during the financial period ended 31 January 2017. These finance costs relates to the development of certain Group's properties which have achieved Temporary Occupation Permit ("T.O.P") stage in HY2017.

Income tax

Our income tax expense was approximately S\$0.5 million in HY2017. The lower effective tax rate of 10.2% in HY2017 compared to prevailing statutory rate of 17% was mainly due to non-taxable items incurred by a subsidiary for which deferred tax liability had not been recognised (such as write back of provision for foreseeable losses).

Our income tax expense was approximately S\$0.3 million in HY2016. The higher effective tax rate of 22.1% in HY2016 compared to prevailing statutory rate of 17% was mainly due to tax losses incurred by certain subsidiaries for which deferred tax assets have not been recognised and tax refund arising from overprovision in prior year by a subsidiary.

Net Profit

As a result of the above, our net profit increased by approximately S\$3.3 million to approximately S\$4.5 million in HY2017 from approximately S\$1.2 million in HY2016.

Review of Group Financial Position

Non-current assets

As at 31 January 2017, non-current assets totalled S\$1.5 million or approximately 1.2% of total assets. Non-current assets decreased by approximately S\$0.5 million.

Decrease in property, plant and equipment ("PPE") of S\$0.5 million was mainly due to depreciation charges in HY2017.

Current assets

As at 31 January 2017, current assets stood at S\$129.1 million or approximately 98.8% of total assets. Current assets decreased by approximately S\$13.2 million.

Decrease in cash and cash equivalents of approximately S\$1.9 million mainly due to net cash used in financing activities of approximately S\$27.5 million partially offset by inflow from operating activities of approximately S\$25.5 million and financing activities of approximately S\$0.1 million.

Decrease in development properties of approximately S\$60.8 million was due to reclassification of our Charlton 18 (cluster terrace) and 28 RC Suites projects to properties held for sale upon the receipt of the T.O.P status in HY2017.

Increase in properties held for sale of S\$47.2 million was mainly due to reclassification of our Charlton 18 (cluster terrace) and 28 RC Suites projects aggregating S\$60.8 million from development properties and partially offset by progress billing to our property development projects customers amounting to approximately S\$13.6 million.

Increase in trade and other receivables of approximately S\$2.4 million was mainly due to increase in trade and other receivables from building construction business (including amount due from construction contract customers for work in progress).

Non-current liabilities

As at 31 January 2017, non-current liabilities totalled S\$1.0 million or approximately 1.2% total liabilities. Non-current liabilities decreased by approximately S\$0.6 million as a result of repayment of finance leases of S\$0.3 million and deferred tax liabilities recognised of S\$0.3 million.

Current liabilities

As at 31 January 2017, current liabilities stood at S\$78.7 million or 98.8% of total liabilities. Current liabilities decreased by approximately S\$17.5 million.

The decrease was mainly due to repayment of bank loans of S\$26.5 million partially offset by increase in trade and other payables of approximately S\$9.0 million. The increase in trade and other payables was mainly due to an increase in construction work in progress related to the increase in trade and other receivables from building construction business of S\$6.6 million and accruals for our Charlton 18 (cluster terrace) and 28 RC Suites projects of S\$2.4 million upon the receipt of the T.O.P status in HY2017.

Review of Statement of Cash Flows

Net cash from operating activities

In HY2017, net cash inflow from operating activities of approximately S\$25.5 million was a result of operating cash inflow before working capital changes of approximately S\$3.1 million, adjusted for net working capital inflows of approximately S\$22.4 million.

The net working capital inflow of approximately S\$22.4 million was mainly due to increase in development properties and properties held for sale of S\$16.6 million, increase in trade and other payables of S\$9.0 and partially offset by increase in trade and other receivables of approximately S\$2.3 million and tax paid of S\$0.9 million.

Net cash from investing activities

Net cash inflow from investing activities amounted to S\$92,000 arising from bank interest received of S\$120,000 partially offset by purchase of property, plant and equipment of S\$28,000.

Net cash used in financing activities

Net cash outflow from financing activities amounted to approximately S\$27.5 million was mainly due to repayment of bank loans of S\$26.5 million, interest paid S\$0.7 million and repayment of finance leases of S\$0.3 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders,

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

For the six-month period ended 31 January 2017 ("HY2017"), the Group reported a net profit of S\$4.5 million, approximately 289.6 per cent improvement from the net profit of approximately S\$1.2 million in the same period a year earlier ("HY2016"). Despite the Group revenue fell by 40.4% to S\$40.5 million in HY2017 from S\$68.0 million in HY2016, as a result of challenging business environment, the Group achieved better than expected earnings result in its property development business which include a write back of a net provision for foreseeable losses of approximately S\$2.8 million.

The Group has a healthy balance sheet with stable operating cash flow. It will continue to keep a lookout for suitable opportunities to grow its business strategically.

Construction Business

The Group's construction business remained stable in HY2017, as it focused on the timely execution and delivery of its order book, which amounted to approximately S\$53 million as at 31 January 2017. The Group continued to leverage on its strong market reputation as a trusted builder of Good Class Bungalows ("GCB") and high-end landed properties to actively bid for new projects that will add value to its order book, while keeping a close eye on its margins and costs.

Property Development Business

Through its active marketing efforts, the Group successfully sold three cluster houses in our Charlton 18 project which overall boosted our property development business performance in HY2017. As at 31 January 2017, more than 90% of the units at 28 RC Suites and more than 85% of units at 8M Residences have been sold. All three property development projects have received its T.O.P. Going forward, the Group will continue to actively market the remaining units in all its property development projects.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the financial period.

13. Interested Person Transactions

The Group does not have general mandate for interested person transactions. There was no interested person transactions of S\$100,000 and above for HY2017.

14. Confirmation By the Board of Directors pursuant to Rule 705(5) of the Listing Manual

The Board of Directors confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the six months ended 31 January 2017 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all directors and executive officer (in the format set out in Appendix 7H) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all the directors and executive officers in the format as set out in Appendix 7H of the Catalyst Rules in accordance with Rule 720(1) of the Catalyst Rules.

BY ORDER OF THE BOARD

SIN SOON TENG
EXECUTIVE CHAIRMAN AND GROUP CEO
9 March 2017

ANG SENG HENG
EXECUTIVE DIRECTOR
9 March 2017